

TVA Lowers Quarterly Fuel Cost Adjustment For Second Consecutive Quarter On April 1, 2009

Duck River Electric members will see a slight decrease in the amount paid per kilowatt-hour of electricity on electric bills issued after April 1, 2009 as the Tennessee Valley Authority (TVA) announced it will lower its quarterly Fuel Cost Adjustment (FCA) for the second consecutive quarter in this fiscal year.

For the average retail residential consumer of Duck River Electric, the decrease will amount to \$6 to \$8 per month. Because the Fuel Cost Adjustment is a per kilowatt-hour charge, amounts consumers will save depends on the amount of energy used. The current Fuel Cost Adjustment is \$0.01418 and it will fall to \$0.00864 per kilowatt-hour, effective with bills issued on and after April 1. Billing periods for DREMC members vary, so some April bills will include March usage and will be calculated with the reduced FCA.

“In these economically challenging times, we are especially glad lower fuel costs will provide some relief in power costs to the consumers in the Tennessee Valley,” explained TVA President and CEO Tom Kilgore. “Unusually cold weather this winter has meant higher consumption of electricity and higher power bills even for people who keep their thermostats low.”

Current economic conditions and increased rainfall contributed to lower fuel and purchased power costs, Kilgore said, adding, unfortunately, coal prices have not decreased as rapidly as other fuel prices, preventing TVA’s costs from dropping further. About 60 percent of TVA’s power supply comes from fossil fuels – primarily coal, along with oil and natural gas.

TVA began using a fuel cost adjustment mechanism in October 2006 after experiencing a spike in fuel costs caused by Hurricanes Katrina and Rita. Utilities across the country use such mechanisms to help recover the costs they must pay for

fuel and purchased power. The amount of the FCA can go up or down, depending on quarterly increases or decreases in these costs.

“Duck River Electric is pleased that TVA has been able to lower its FCA for the second consecutive quarter,” DREMC President and Chief Executive Officer Jim Allison explained. “Using electricity, as well as all forms of energy, wisely and efficiently is the only way we can have a direct impact and help control the price we pay today and in the future. With this second decrease in six months and moderating temperatures over the next few months, DREMC members should feel some relief from the high demand for energy needs and the historically high electric bills experienced over the past several months,” he added.

Suggestions for becoming more energy efficient to save electricity and help offset rising energy costs include:

- Set winter heating thermostats to no higher than 68 degrees and summer cooling thermostats to 78 degrees or higher if practical for health reasons
- Turn off lights, appliances and other home electronics not in use with a power strip
- Use the “sleep” mode on computers
- Use the microwave instead of a stove burner or oven for cooking
- Operate dishwashers and clothes washers and clothes dryers only with full loads and after 8 p.m. when TVA’s costs to make electricity are the lowest; air dry dishes in the dishwasher; use cold water wash cycles on the clothes washer. Hang clothes out to air-dry.
- Replace incandescent bulbs with compact fluorescents (CFLs) – they use 75 percent less energy and usually last 10 times longer